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C O N F I D E N T I A L SECTION 01 OF 04 TOKYO 001284

SIPDIS

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E.O. 12958: DECL: 05/11/2018

TAGS: [ECON](#) [ETRD](#) [EAGR](#) [PREL](#) [PGOV](#) [JA](#)

SUBJECT: EEB DAS MANISHA SINGH'S APRIL 25 TOKYO MEETINGS

REF: TOKYO 1152

Classified By: CDA Joseph R. Donovan, for reasons 1.4(B) and (D).

11. (SBU) Summary: April 25 meetings in Tokyo between officials from the Ministry of Foreign Affairs (MOFA) and the Ministry of Economy, Trade, and Industry (METI) and EEB Deputy Assistant Secretary Manisha Singh reviewed progress on the current World Trade Organization (WTO) negotiations, Japan's approach to regional and bilateral economic agreements, U.S. beef exports to Japan, efforts to conclude a multilateral intellectual property agreement, and the TKS-Goss case. DAS Singh also met with representatives of U.S. and Japanese business. End summary.

Doha Development Agenda

12. (C) Foreign Ministry and METI officials stressed Japan's continuing support for the WTO and for timely completion of the Doha Development Agenda (DDA) negotiations. DAS Singh underscored the need for the U.S. and Japan to work together to move Doha forward, and that compromises will be required, particularly in the area of agriculture. DAS Singh stressed that completing the DDA this year is a top priority for the USG. The MOFA WTO Ambassador Jun Yokota argued Japan is being asked to make concessions in the DDA agriculture negotiations without any clear benefits in return. In addition, he questioned U.S. capacity to guarantee ratification of a DDA agreement should one be achieved. DAS Singh indicated that DDA was an important goal overall across the spectrum for USG and felt confident if partners could come to agreement on moving Doha forward, it would be a significant enough victory that the USG would come together to ratify. The METI Multilateral Trade System Director General, Tsunehiro Ogawa, stressed an optimistic stance by the U.S. on reaching a trade accord is critical for further progress, particularly in light of campaign statements on trade made by the U.S. presidential candidates. Ogawa noted the importance of reaching agreement on methodologies to

assess the liberalization on sensitive sectors as a way to advance the negotiations. The METI Trade Policy Director General, Hiroyuki Ishige, commented the fact the DDA negotiations are taking a long time should not be a surprise considering the complexity of the issues and that serious efforts to reach an accord only started in July 2007.

¶3. (C) Yokota noted scheduling a WTO ministerial meeting in the May-June timeframe would have limited usefulness if too much bracketed text remained. A later meeting, however, might not leave enough time to conclude a deal before the end of 2008.

Regional Economic Architecture

¶4. (C) Ishige expressed support for the long-term goal of a Free Trade Area of the Asia-Pacific (FTAAP), but noted Japan looks to conclude investment and other economic agreements in the near term to advance its regional economic integration. The MOFA Economic Affairs Deputy Director General, Sumio Kusaka, noted the opportunity posed by the sequential hosting of APEC by Singapore, Japan, and the U.S. and suggested movement toward an FTAAP would need to be led by a core group of APEC economies, notably the U.S. and Japan. However, Kusaka cautioned that expansion of the discussion too soon could encumber and complicate efforts to move FTAAP forward. Japan and APEC, he observed, have been too deferential toward ASEAN in the past and a broadening of ASEAN's goals and influence is not necessarily going to lead in the desired

TOKYO 00001284 002 OF 004

direction. This phenomenon has been an obstacle to a strong outcome from the Japan-initiated "ASEAN Plus 6" discussions, Kusaka said.

Bilateral Economic Agreements

¶5. (C) Kusaka indicated ensuring access to supplies of key commodities and securing multinational production chains for Japanese manufacturers, as well as political interests, underlie Japan's bilateral economic agreements. The METI Trade Policy Deputy Director General, Michitaka Nakatomi, cited Japan's negotiations with Switzerland, a fellow member of the G-10 countries, as an agreement driven by political factors. He also discussed the prospective agreement between Japan and the Gulf Cooperation Council, which he stated centers on energy supplies. Nakatomi said Japan has nearly completed negotiations on an economic partnership agreement with Vietnam, but added Vietnam benefits from the recently signed Japan-ASEAN agreement and has become reluctant to advance the bilateral talks. Ongoing negotiations with India and Australia have been difficult, the latter because of GOA demands on agriculture. He noted Japan is only now starting to consider bilateral agreements with major economies such as the EU and the U.S. However, these agreements, in the GOJ's view, cannot substitute for multilateral liberalization. In response to their questions, DAS Singh noted the U.S. Administration is committed to the passage of all outstanding Free Trade Agreements (FTAs) this year, including the U.S.-Korea FTA (KORUS). DAS Singh agreed that the WTO/Doha is the cornerstone for improved global trade liberalization, but that strong bilateral FTAs will further the opening of markets and reduce inefficiencies. She reaffirmed the USG commitment to complete the information exchanges on our respective FTAs and Economic Partnership Agreements.

¶6. (C) Regarding reopening negotiations with South Korea, MOFA's Kusaka called the announcement of "preparatory meetings" for a possible restart of formal talks a modest step. He noted the formulation was a strange one and resulted from the ROK's hesitancy in moving ahead with resuming the talks after the years of suspension. Nakatomi observed that Korea's new administration seems to be shifting focus in the talks toward using an agreement with Japan to

advance strategic goals in manufacturing. METI's Ishige remarked Korea's resolution of some difficult domestic issues related to sensitive products in order to conclude the KORUS seems to have given the ROK greater flexibility, for example to reprioritize and focus on strategic manufacturing targets in talks with Japan. His comment drew an implicit contrast with Japan, which is still unable to move on numerous sensitive products.

Food Safety and Beef

17. (C) On beef trade and food safety, METI's Kusaka suggested a U.S.-Japan food safety dialogue apart from the sub-Cabinet process would be helpful, but stressed any discussions would need to be transparent to the public as the GOJ could not be seen as cutting secret deals on this politically sensitive topic. Kusaka recognized USG concerns over beef and that the topic would likely arise when the President and Prime Minister meet in July. He argued for U.S. consideration of Japan accepting beef from animals up to 30 months of age as an interim step. Even with a U.S.-Korea deal on beef trade now concluded, the GOJ cannot compromise with current public sensitivities over food safety. Kusaka asked that the USG at least not reject outright a GOJ proposal on beef from animals 30 months and younger even if it cannot formally accept the

TOKYO 00001284 003 OF 004

offer. A formal U.S. rejection of the proposal would only harden the debate in Japan and make progress toward a solution more difficult. DAS Singh reiterated the U.S. position and urged Japan to fully open its market to U.S. beef of all cuts and ages in accordance with OIE guidelines. She noted the recent agreement by South Korea to reopen fully its market to U.S. beef. She agreed that the two sides should continue discussions on the matter.

IPR/ Anti-Counterfeiting Trade Agreement

18. (SBU) With respect to the proposed Anti-counterfeiting Trade Agreement (ACTA), METI Trade Policy Deputy DG Nakatomi acknowledged concluding an agreement before the G-8 Summit is no longer possible. Now that the European Commission has a mandate to negotiate, Japan would like to see talks get underway in June with the aim of completing a agreement this year, Nakatomi said, a view shared by the USG. He said it is important to bring in Singapore, which he characterized as "on the fence," in order to draw other Asian countries into the negotiation. (Remarks by both METI and MOFA officials lobbying for Japan's candidate for Secretary-General of the World Intellectual Property Organization are reported reftel.)

TKS-Goss Case

19. (SBU) DAS Singh raised the legal case between the Japanese company TKS and the U.S. firm Goss International with METI Multilateral Trade System Director General Ogawa. She stressed the legal complexities and indicated the best solution would be one reached between the parties, suggesting the GOJ might convey this message to TKS. Ogawa responded the parties must decide whether they can reach a solution on their own. He acknowledged DAS Singh's point, but said the company itself must determine how to proceed. He added Japan's Ambassador in Washington had sent a letter to the Commerce Department on the case.

Views from U.S. and Japanese Business

10. (SBU) Representatives from the American Chamber of Commerce in Japan (ACCJ) noted that, despite the large and successful U.S. business presence in Japan, many challenges and outright barriers remain. Many GOJ agencies still see their role as protecting domestic industries and continue to

distrust open markets and free competition. Consequently, it is not unusual for the government to establish regulations or standards, or to alter their interpretation or enforcement methods, in ways that give local firms tactical advantages. The business representatives also agreed Japan's commitment to economic reform is in question and expressed concern about the current domestic political situation. Some observed the present situation could be a welcome sign of more genuine and open debate in Japan's political system.

¶11. (SBU) Japan Business Federation (Keidanren) U.S. Affairs Sub-Committee Chairman Keikichi Honda told DAS Singh Japanese industry is pleased at the lack of major problems in the economic relationship with the U.S. but expressed concern this situation could become one of neglect as both sides turned their attention elsewhere. Honda suggested a bilateral free trade agreement might consolidate progress made over the last 40 years of evolving U.S.-Japan trade relations and could also advance cooperation based on the principles of "mutual recognition, minimum harmonization." Honda did not clarify the meaning of those principles, saying only the aim should be a "big picture" agreement that does

TOKYO 00001284 004 OF 004

not get stuck on details.
DONOVAN